

How are tax rates determined?

Tax rates are expressed in dollars per thousand dollars of assessed value. The budget needs of the Town and School Department influence tax rates. The tax rate is a simple mathematical result based on the present needs of the community. The following numbers are purely hypothetical but the example will lay out how the tax rate applied to your property's valuation is derived.

Let's assume that this year's budget, the cost of operating the Town is \$40,000,000 (Forty Million Dollars).

The Town is expected to receive \$12,000,000 (Twelve Million Dollars) from State Aid, Motor Vehicle & Business Inventory taxes, and other miscellaneous revenue sources. This leaves a balance of \$28,000,000 (Twenty-Eight Million Dollars) that needs to be raised by local taxation. Please note that since the tax rates for motor vehicles and business inventory is fixed by the State, the only tax rate that can be adjusted locally applies to real estate (RE) and tangible personal property (TPP - business fixtures). Therefore, to determine what tax rate will yield the funds needed, you divide the balance needed by the current property assessments. See below:

Example of how a tax rate is determined:

Funds needed to be raised (RE & TPP only) : \$28,000,000.00 = \$10.18 per thousand rounded
Tiverton's Net RE & TPP Assessed Values : \$2,750,000,000.00*

* This is the approximate net value of all taxable real estate and tangible property accounts after personal exemptions are applied. This number will change without notice.